

Mine Name: Dragon Mine

Other Participants:

Operator Name: Applied Minerals

Weather Condition: cool and over cast skies

Inspector(s): Wayne Western

State of Utah DEPARTMENT OF NATURAL RESOURCES Division of Oil, Gas & Mining

MICHAEL R. STYLER Executive Director JOHN R. BAZA
Division Director

Inspection Report Minerals Regulatory Program April 17, 2012

	OPMS
Reviewed:	MA

Permit Number: M/023/0080

Inspection Date: 03/29/2012

Last Inspection: April 27, 2012

Time: 3:00 - 3:30 pm

Mine Status: ACT

Bond Renewal Date: June 30, 2011 Surface Ownership: Fee		Bond Amount: \$140,000.00 Mineral Ownership: Fee			
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	Elements of Inspection	Evaluated	Comment	Enforcement	
1.	Permits, Revisions, Transfer,	\boxtimes			
2.	Bond/Bond Release	$\overline{\boxtimes}$	Ē	ā	
3.	Annual Fees	\boxtimes			
4.	Annual Report				
5.	Public Safety (shafts, adits, trash, signs, highwalls)				
6.	Protection of Drainages / Erosion Control				
7.	Deleterious Material				
8.	Roads (maintenance, surfacing, dust control, safety)				
9.	Concurrent Reclamation				
10.	Backfilling/Grading (trenches, pits, roads, highwalls, shafts, drill holes)				
11.	Water Impoundments				
12.	Soils				
13.	Re-vegetation				

Purpose of Inspection:

14. Air Quality15. Other

This was a routine inspection.

Inspection Summary:

The permit is current.

The Permittee did not submit annual report for 2011.

The Permittee does take steps for limit access to the site. There is active underground mine/exploration. There are ventilation shafts

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The site has a sediment pond that has not yet discharged. The pond is designed to keep runoff from the site from discharging off site.

There are old mine working on the property that discharge water. Some of the water has a red color that most likely comes from the iron in the rock.

There was limited activity on the site and only a small amount of product was shipped off site.

Conclusions and Recommendations:

The Division should continue to monitor the site.

Directions to Site:

At Silver City (abandoned town south of Mammoth) drive east up Dragon Canyon the road dead ends at the mine.

Inspector's Signature Wayn Walter

WHW:

cc: (OPERATOR) agencies

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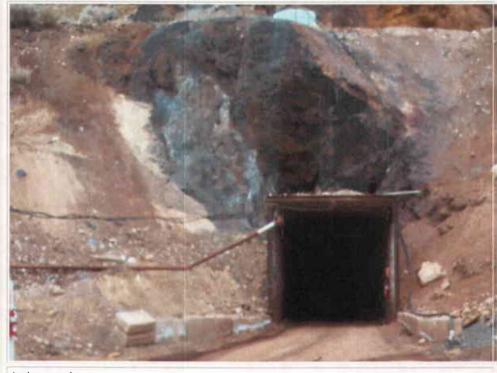
Construction of new building



Sediment pond



Red colored water from old mine workings



Active portal